APPLICATION FOR
UNITED STATES PATENT
IN THE NAME OF

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ASSIGNED TO

DSD COMMUNICATIONS, INC.

for

SYSTEM AND METHOD FOR TARGETED ADVERTISING AND MARKETING

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TITLE OF INVENTION

SYSTEM AND METHOD FOR TARGETED ADVERTISING AND MARKETING

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RELATED APPLICATION DATA

This is a continuation-in-part of application serial No. 09/689,540, filed October 12, 2000.

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BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention is in the field of marketing and promotional advertising and, more particularly, directed to an automated, networked system and method for providing promotional material, such as coupons, advertisements, samples, food recipes, publications, informational sheets, and other promotional items, such as refrigerator-door magnets, in combination with single or multiple packages of sliced bread, on a retailer-specific basis, in such a way as to capitalize on the specific retailer's customer traffic in an efficient and cost-effective manner .

2. Art Background

Product "couponing" dates back to the late 1890's, when C.W. Post developed penny tokens that were redeemable on his then new "Grape-Nuts" breakfast cereal. Realizing the effectiveness of couponing as a means to generate trial, as well as encourage repeat purchases, companies such as Coca Cola, Procter & Gamble, and Hershey quickly adopted this marketing innovation. Today, couponing is the dominant promotion marketing tool employed by consumer-driven companies to stimulate consumer behavior in multiple channels of distribution. Whereas, at one point in time, couponing was employed almost exclusively by the consumer package goods (CPG)

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industry, it is now utilized extensively by companies such as Blockbuster Video, Pizza Hut, and Lenscrafters.

Currently, the predominant methods of coupon delivery are Shared Mail, which delivers national and local coupons wrapped in a supermarket retailer's weekly flyer, direct mail and Sunday Free Standing Inserts (FSI), which are four color, multi-page inserts distributed through Sunday newspapers. Currently, couponing is dominated by FSIs, which were introduced in 1972. In 1999, FSIs accounted for 92% of the 288 billion coupons distributed, as well as 71% of all redemptions.

However, the shear number of coupons distributed provides only a partial indication of the level of success achieved by any couponing scheme; success also depends on the frequency with which the distributed coupons are actually redeemed by consumers. In this regard, while the FSI share of distribution has increased slightly since the mid-1990's, declining coupon redemption rates have led advertisers to explore alternative avenues to improve cost efficiency and effectiveness. As such, in the past several years, coupon distribution has declined as the search for more effective promotional schemes has prompted marketers to divert promotional spending from FSIs and redirect it towards targeted, in-store methods in order to reach consumers who are most likely to use coupons, as well as those users who are amenable to product trial and brand switching.

As alternative marketing strategies have been sought, numerous new advertising schemes have been introduced (and, in some cases, subsequently vanished) over the past several years. These include (1) Co-op direct mail programs, which can be divided into two categories, i.e., shared and consumer direct; (2) "electronic shelf", featuring four color coupons that are distributed at the shelf via a plastic dispenser in supermarkets and drug/mass merchandiser outlets; (3) "electronic checkout", where coupons are issued at supermarket checkout based upon competitive, complimentary, or like product scanned; (4) "in-pack/on-pack" couponing, where coupons are inserted in or on product packages

by CPGs and are usually redeemable on a subsequent purchase of the same product and occasionally a complimentary product; (5) "instant redeemable coupons", which are on-pack coupons that are affixed to product packages and designed such that consumers can remove them at a retailer's shelf for immediate redemption; (6) newspaper R.O.P., which

5   involves coupons printed as part of the redirect paper or flyer itself, and can be executed as a co-op or on a solo basis; (7) magazine couponing, which is normally executed on a solo basis, but may be included as a four-color pop up insert in selected magazines; (8) "interactive coupons", which typically rely upon kiosks for distribution; (9) "XtraValu" coupons, where CPG coupons have been distributed in "saddlebag" pouches that are

10 placed over the neck of one-gallon milk containers; (10) "Egg coupons", where multi-folded coupons are inserted into cartons of eggs – this program eventually failed due to inconsistent retailer coverage, limited reach, and coupon damage caused by cracked eggs; (11) "off-the-shelf" couponing, which utilizes disposable shelf dispensers; (12) "Ad-Strip", where two- and four-color coupons are printed on the gusset strip of supermarket

15 and department store plastic shopping bags; and (13) internet coupons.

Still, FSI's and shared mail continue to dominate because they provide advertisers with a promotion and advertising medium that delivers broad reach at an affordable rate. On the other hand, both of these coupon-delivery methods suffer from at least two major weaknesses: they do not have an in-store presence and they deliver low redemption rates.

20 The features and advantages of the present invention will become more apparent through the following description. It should be understood, however, that the detailed description and specific examples, while indicating particular embodiments of the invention, are given by way of illustration only and various modifications may naturally be performed without deviating from the spirit of the present invention.

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BRIEF DESCRIPTION OF THE DRAWING

FIGURE 1 shows an illustration of communication links established among entities and/or electronic computers that may be used in the practice of an embodiment of the invented method.

5   DETAILED DESCRIPTION

In this application, the term coupons has been used from time to time as an example of, or synonymously with, "promotional material" or "advertising material". However, such use is by way of example, and for ease of reference, only, and not by way of limitation.

10   An embodiment of the present invention is directed to a method of targeted advertising of particularized goods and/or services, whereby one or more pieces of targeted promotional material are included with a package of bread at about the time a loaf of bread is placed into the package. The pieces of promotional material generally fall into a plurality of categories, including: (1) retailer-specific coupons (e.g., coupons

15   that are offered by, and are redeemable in, SafeWay stores in the Los Angeles area, for products that generally complement bread); (2) national coupons that are redeemable only at the same specific retailer (e.g., coupons from Tide, Kraft Foods, or Nabisco, which may be redeemed only at SafeWay stores in the Los Angeles area); (3) advisory materials (e.g., health-related material or "tip" sheets, informational material, recipes,

20   advertising material from other businesses or organizations within the Los Angeles area, and other similar information appearing in textual format); (4) product samples; and (5) other promotional items (e.g., refrigerator-door magnets that carry advertisements and may be used to hold up the above-mentioned "tip" sheets).

An embodiment of the present invention is also related to a method of distributing

25   promotional material, in which bread is used as a vehicle to deliver bread packages with specific promotional materials to specific retailers (i.e., retail stores, or stores). In one embodiment, this is achieved by creating a computerized network that enables electronic

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transmission of information among bread delivery route drivers, central and localized bread-making facilities, advertisers/retailers, and a central system operator. This information, which may include daily bread orders for each retailer, production schedule for each bread-making facility, coupon specifications from each advertiser, etc. is

5   collected and used by the system operator and/or the bread-making facility to generate instructions. The latter are then used to coordinate the operation of several systems, including bread-bagging, coupon-targeting, and cart-marking systems, within the baking-bagging/couponing-delivery process, thus allowing targeted advertising to specific retailers using packages of bread as the "delivery vehicle".

10   In its various embodiments, the present invention offers several advantages. First, it allows the specific retailer for whom the bread is being made and packaged (e.g., SafeWay, Giant, etc.) to obtain information about which specific national and/or store brands are to be promoted. In a preferred embodiment, the coupon is only redeemable at the issuing chain. This, in turn, allows the retailer to estimate the demand for, and

15   maintain an adequate stock of, the items that have been promoted. In addition, the invention encourages repeat traffic into the retailer's store. This is especially true when the coupon is store/chain specific. Moreover, the invention increases coupon security by nearly eliminating instances of fraudulent redemption of the type that is prevalent with newspaper, or similar loose, couponing schemes. For example, it is believed that some

20   small storeowners have clipped coupons and submitted them for redemption even though the coupon was not presented by a customer and no sale actually took place.

In achieving its objectives, the present invention takes advantage of several qualities that are unique to bread as a vehicle for advertising. First, because bread is shipped by bulk, and not by weight, the inclusion of promotional material with the bread

25   bag does not increase shipping costs. This is to be contrasted with traditional means of advertising (e.g., through newspapers), where there is a cost associated with the distribution of promotional materials (e.g., cost of postage and/or cost of insertion of coupons in a newspaper).

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Second, from a practical standpoint, bread is dry, so that there is no damage to the promotional material from being packaged with the bread. Third, as a commodity, bread is not in competition with most other goods/products. Fourth, in contrast with other goods/products, almost everybody buys bread, with quite regular frequency. Fifth, in

5   contrast with newspapers, mailings, etc., a package of bread usually ends up, and is opened, in the kitchen. This is normally an uncluttered environment which provides for maximum exposure with minimum distraction. Similar to a Sunday newspaper, the present invention permits "mass media" distribution of coupons in a short period of time, and at a relatively low cost.

10   Finally, the specific type of bread can be used to fine-tune a retailer-specific targeting scheme so as to target store/region-specific consumers, referred to as "targeted groups", which have been determined to be the most likely users of the product being advertised. Thus, for example, coupons for cheese may be included with bags of white bread, which are directed at children. Similarly, coupons for health foods may be

15   included with bags of whole-wheat bread, which would be directed at the health-conscious consumer. These and other buying characteristics (age, sex, income, preference of bread type, etc.) are also within the scope of the invention.

Once the targeted group is identified, the relevant set of coupons can be included with packages of bread that are delivered to the retailer(s) servicing the targeted group.

20   In one embodiment, retailer-specific targeting is facilitated by creating a network, such as a computerized, electronic network, whereby information relating to the types and quantity of bread sold through each retailer is used to automatically generate a retailer-specific coupon-distribution scheme.

A typical bread-distribution process according to the current state of the art may

25   be described as follows: A route driver delivers packages of sliced bread to specific retailers according to a delivery schedule. At each stop, the route driver gathers information, e.g., by inputting such information into a hand-held computer, about the

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types and respective quantities of bread to be delivered to that specific retailer the next day. This serves as a "purchase order" for each specific retailer. At the end of the day, this information is transmitted either to a specific, local bakery, or to a centralized headquarters which coordinates the operation of several local or regional bakeries.

5   Based on the purchase orders received (e.g., from each one of several route drivers, from the retailer itself, etc.), each local bakery generates a bread-production schedule for the following day. Thus, as an example, local bakery A may receive orders from route drivers 1 through 5 as follows: (1) route driver 1: 300 bags of sliced white bread and 150 bags of sliced wheat bread; (2) route driver 2: 500 bags of sliced white

10   bread; (3) route driver 3: 200 bags of sliced white bread and 100 bags of sliced wheat bread; (4) route driver 4: 100 bags of sliced white bread and 300 bags of sliced wheat bread; and (5) route driver 5: 100 bags of sliced wheat bread, for a total of 1100 bags of sliced white bread and 650 bags of sliced wheat bread.

        Thus, according to the above orders, Bakery A will arrange to prepare 1100 bags

15   of sliced white bread and 650 bags of sliced wheat bread for pick up and delivery by route drivers 1-5 the following day. Once prepared, all of the bags of sliced white bread are placed on trays which, in turn, are placed in carts containing only white bread. Similarly, all of the bags of sliced wheat bread are placed on trays and in carts containing only wheat bread. The next morning, each route driver arrives at Bakery A and counts

20   and takes as many trays/carts as are needed to fill his orders for each type of bread.

        The present invention improves upon the above-described process by creating a network, wherein the information collected by the route drivers (and/or otherwise provided directly by the retailer) is used by the baking facilities to determine the type of wrapper (e.g., Webers, or Safe Way brand) that is to be used to bag each loaf of bread. In

25   addition, this information is transmitted to a central system operator and, along with information and specifications received from advertisers, is used to: (1) set the number and type of advertising materials that are to be included with each package of bread (i.e.,

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according to the specific retail store for which the package of bread is destined); and (2) mark individual trays and/or carts according to each route driver's purchase orders such that one or more trays/carts are prepared and identified for delivery to each specific retail store. In this way, on any given day, route driver 1, e.g., transmits his purchase orders to

5   the baking facility's central and/or onsite computer system, and merely returns the next day to pick up trays/carts that are filled up (according to router driver 1's purchase orders) and marked for delivery to each of the retailers serviced by route driver 1.

Thus, according to one aspect of the invention, store-by-store coupon targeting is made possible by including advertising material with loaves of bread in accordance with

10   the number and/or types of bread sold by each store, and according to a second aspect of the invention, the determination as to the number and types of advertising material to be included with each loaf of bread is made by collecting and processing information from advertisers and route drivers, and then coordinating with each baking facility's production schedule. It is noted that the purchase order information may be provided

15   directly by a retailer, rather than through a route driver.

As shown in Figure 1, the present invention involves the flow of information among several entities, including: (1) a system operator having a system operator central computer 10; (2) one or more advertisers and/or retailers, generally referred to as "clients", having one or more computers 20; (3) one or more bread-baking and packaging

20   facilities, generally referred to as "bakeries", each such bakery having an onsite computer 50; (4) the bakery's headquarters having a central computer system 40; (5) one or more route drivers having (usually) hand-held computers 30; (6) a bagging system located at the bakery and having a computer 60; (7) a coupon-targeting system located at the bakery and having a computer 70; and (8) a tray/cart marking system having a computer 80.

25   As shown in Figure 1, the several systems are electronically linked. Thus, for example, the bakery's onsite computer, the system-operator central computer, the coupon-targeting system computer, and the bagging system computer operate in concert

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to produce a certain number of bags of bread (which may be private branded for a specific retailer), of a certain type of bread, with certain types and quantities of promotional materials accompanying each bag. Moreover, information is transferred among the several systems/system computers as electronically-transmitted data records

5   and/or instructions.

The process starts with the system operator 10 receiving promotional specifications from its clients 20. Client specifications generally relate to instructions for printing coupons, tip sheets, and other textual material, and include such information as coupon (i.e., discount) amount, the identity and location of a retailer where a coupon may

10   be redeemed (e.g., Los Angeles SafeWay Stores), the identity of a specific product or service that is advertised (e.g., Kraft sliced cheese, or SafeWay's own brand peanut butter), and other similar information. Client specifications may also include instructions for the inclusion of product samples, or other promotional items, with the printed material.

15   In one embodiment, the system operator 10 prints the coupons and inserts them in one or more envelopes, or packets, for use in a store-by-store, chain-by-chain, and/or region-by-region basis. In another embodiment, the system operator maintains a full-time employee at the bakery, who organizes the promotional material onsite (e.g., by physically receiving the coupon packets from the system operator).

20   The client's specifications define, e.g., the number and types of promotional materials that each client would like to have included with each specific package of bread. As an example, on a given day, SafeWay may direct the system operator to include a coupon offering a $0.20 discount on SafeWay brand peanut butter with every package of white sliced bread that is going to be delivered to specific Los Angeles county

25   SafeWay stores, and a coupon offering a $0.40 discount on SafeWay brand peanut butter with every package of white sliced bread that is going to be delivered to specific Orange County SafeWay stores. In addition, Kraft Foods may instruct the system operator to

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include a $0.35 coupon for Kraft cream cheese with each package of bread that is destined for the specific Los Angeles county SafeWay stores, as well as a $0.50 coupon for Kraft cream cheese with each package of bread that is destined for the specific Orange county SafeWay stores. A third specification may be provided by a chef/author

5   (who is promoting a book of recipes, e.g.) who instructs the system operator to include with each package his recipe for making quick and healthy snacks for children. As noted above, these three coupons are inserted into a packet, and multiple packets are then grouped and/or marked on a store-by-store, chain-by-chain, and/or region-by-region basis.

10   As was described previously, on at least a daily basis, each route driver transmits a purchase order (for each retailer serviced by the route driver) to the bakery's central computer system 40, indicating at least the number and types of bread that are to be dropped off to each retailer on the route driver's next stop. From time to time, the bakery's central computer system may change the required quantity and/or type of bread

15   requested in order to accommodate production schedules, etc. Once finalized, this information is then transmitted (e.g., as a set of instructions) to the system operator central computer 10, and/or the bakery's onsite computer 50. In alternative embodiments, the information from the router driver's computer 30 may be communicated directly to the system operator central computer 10, and/or the bakery's

20   onsite computer 50.

In one embodiment, the system operator central computer 10 accesses the bakery's onsite computer 50 in order to retrieve the daily production schedule for each bakery. In some applications, however, the bakery's central and onsite computer systems maybe one and the same, such that information regarding daily production schedules, as

25   well as the route driver's purchase order information, are transmitted from the same system to the central computer of the system operator.

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Having each route driver's purchase order information, each bakery's production schedule, and each client's specifications, the system operator can now coordinate the store-specific coupon-targeting process, in conjunction with the bagging system 60, coupon-targeting system 70, and cart-marking system 80 that are located at each local

5   bakery.

As an example, the system operator may determine that, according to route driver A's purchase orders, retail store B will require a large number of sliced white bread packages. At the same time, client C's (e.g., Safe Way's) specifications may indicate that a coupon offering a $0.20 discount on SafeWay brand peanut butter should be included

10   with every package of white sliced bread that is going to be delivered to retail store B on a given day. In addition, client D's (e.g., Kraft Foods') specifications may instruct the system operator to include a $0.35 coupon for Kraft cream cheese with the same package of bread, going to the same retail store.

The system operator central computer then checks the production schedule for

15   bakery E (i.e., one or more bakeries that may service retail store B) to determine whether store B is supposed to have sliced white bread delivered the next day. If it is, then the system operator central computer determines the number of packages of sliced white bread that are to be delivered from bakery E to store B the next day and, based on this information, generates and transmits a set of instructions to a coupon-targeting system

20   computer 70 that is located at bakery E.

The coupon-targeting system is the system (e.g., a carousel and magazine system) through which one or more packets of coupons are included with each package of bread. To this end, the coupon-targeting system computer controls the operation of the coupon-targeting system by providing information and operational instructions relating to the

25   type and number of packets of coupons that are to be included with each package of bread.

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In certain embodiments, client C's (i.e., Safe Way's) specifications may indicate that the coupons offering a $0.20 discount on SafeWay brand peanut butter should be included only with packages of white sliced bread that are going to be bagged with Safe Way brand wrappers. At the same time, client D's (i.e., Kraft Foods') specifications may instruct that the coupons offering a $0.35 savings on Kraft cream cheese be included only with packages of white sliced bread that are going to be bagged with Wonder Bread brand wrappers. In such a case, the system operator central computer 10 generates and transmits (based on the above information) a set of instructions to a bagging-system computer 60 that is located at bakery E. In this manner, operation of the bagging system 60 and the coupon-targeting system 70 is coordinated such that for each package of bread, the bagging-system computer will instruct the bagging system as to which kind of wrapper to use for bagging each loaf of bread, and the coupon-targeting system computer will instruct the coupon-targeting system as to the quantity and type of coupons to include with each specific package of bread. In certain applications, a line of communication may also be established between the baking facility's onsite computer system 50 and the bagging system computer 60. Additionally, it is important to note that, in one embodiment, the bagging system and the coupon-targeting system may be one and the same and, as such, their operation may also be controlled by one computer system.

In another aspect of the process, the system operator central computer 10 communicates with a cart-marking system computer 80 to ensure that the packages of bread carrying store-specific coupons are sent to the specific retail stores for which they were produced and intended. As its name implies, the cart-marking system generates identifying indicia, e.g., bar codes, that identify the specific retail store to which each cart is to be delivered by the appropriate route driver. Additional information, such as, e.g., the number of packages of bread to be loaded on each cart, the type of bread to be placed on each cart, etc. may also be included.

Thus, for example, when retail store B has requested 175 bags of sliced white SafeWay brand bread, the bagging system and the coupon-targeting system operate in

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conjunction with the cart-marking system (see Figure 1) to ensure that 175 bags of sliced white SafeWay brand bread carrying packets of coupons designated for retail store B are loaded on one or more carts marked for delivery to store B and placed separately from other carts containing sliced white bread. This process is then repeated for each of the

5   other retail stores which are serviced by the route drivers working with each bakery.

Thus, in this manner, when a route driver arrives at a bakery in the morning, he merely has to check for carts that are bar-coded for delivery to retailers that are on his route, and load those carts onto his truck for delivery to the retailers. It is important to note that, in one embodiment, individual trays within each cart may also be marked and,

10   thus, targeted to specific retailers.

In one embodiment of the invention, the method may employ an optical bar-code reader, or similar device. In practice, each bread bag that is to be filled bears a bar code, or similar data (or indicia) that identifies the type of bread that is to be loaded (e.g., white bread) in that bag. The optical reader is placed underneath the table holding the bags to

15   be filled, and can be used to identify each bag just prior to filling with bread.

Given that most bagging systems run at the speed of about 50 bags per minute, from a practical standpoint, it is sometimes difficult to achieve precision in every production run. More specifically, if, for example, 500 bags of white bread are going to be loaded, it may turn out that 503 bags are, in fact, filled. This would mean that 3 bags

20   might have improperly received coupon packets that were not intended for those bags. Given this scenario, the optical reader, in electronic communication with the coupon-targeting system, helps ensure that the 501st bag, which bears a different bar code or bears a different label or sticker than the 500th bag, receives its own specialized packet, rather than a packet left over from the previous run.

25   In an embodiment of the invention, the method can include a bag-marking device. In this embodiment, once a package of bread has been filled and the proper packet of advertising materials included, the marking device marks the outside of each package

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with a label, flag, tag, or other similar attachment, that is color-coded for the major chains, and informs consumers of the contents of the packets (e.g., value of coupons that have been included with the bag). In this way, the marking device is used in the distribution of the bags and, thus, the promotional materials.

5   In another embodiment of the instant invention, multiple packages of bread are wrapped in a larger wrapper. In this embodiment, the store-specific targeting is achieved and/or enhanced by collaboration among the various entities and computer systems discussed above in order to include either: (1) a packet of coupons with each of the smaller bags only (i.e., a packet of coupons is included with each bag of bread); (2) a

10   packet of coupons with the larger bag only (i.e., no packet of coupons is included with the bags of bread themselves); or (3) a packet of coupons with each bag of bread, as well as a packet of coupons with the larger bag. Thus, as an example, where two bags of bread are wrapped in a large wrapper, the entire package can be used to carry up to three (3) different packets of coupons, which greatly enhances the targeted marketing and

15   advertising capabilities offered by the instant invention.

        In yet another embodiment, the packet of coupons may be included inside each bag of bread by insertion into the bag at or about the time when each loaf of bread is being wrapped. Thus, in a multi-bagging application of the type described immediately above, packets of coupons may be inserted in each of the bags of bread, as well as the

20   larger wrapper enclosing the bags of bread.

        It will be apparent to a person of ordinary skill in the art that embodiments of the present invention are not limited to specific embodiments disclosed herein. Thus, the present invention is intended to encompass all of the embodiments disclosed and suggested herein as defined by the claims appended hereto and any equivalents thereof.

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